

CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE



57

ANNUAL REPORT

for the year ended May 3, 1961

H.J. HEINZ COMPANY

Makers and Marketers of the

57

Varieties

Annual Report of
H. J. HEINZ COMPANY

for the year ended May 3, 1961



CONTENTS

Summary of Consolidated Financial Results	3
Chairman's Report	4
Directors, Officers and Management Boards	6
Operations Report	7
Accountants' Report	10
Statements of Consolidated Income	11
Consolidated Balance Sheets	12
Statements of Consolidated Surplus	14
Notes to Financial Statements	15
Ten-Year Summary of Income Statements	16
Heinz International Locations	18
"57 Varieties"	20

TRANSFER AGENTS

The First National City Bank of New York, New York
Mellon National Bank and Trust Company, Pittsburgh, Pa.

REGISTRARS

Morgan Guaranty Trust Company of New York, N.Y.
Pittsburgh National Bank, Pittsburgh, Pa.

DIVIDEND DISBURSING AGENT

Mellon National Bank and Trust Company, Pittsburgh, Pa.

ANNUAL MEETING

The annual meeting of the shareholders of the Company will be held at 2 p. m. on Friday, September 8, 1961, at the Executive Offices of the Company at Heinz and Progress Streets, Pittsburgh. A formal notice of the meeting, together with a proxy statement and form of proxy, will be sent to each shareholder about August 4.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

	FISCAL YEAR ENDED		
	May 3, 1961	April 27, 1960	April 29, 1959
	53 Weeks	52 Weeks	52 Weeks
Net Sales	\$365,989,576	\$340,223,700	\$316,856,669
Net Income for the Year	\$ 13,147,418	\$ 12,231,374	\$ 11,095,742
Net Income as a Percentage of Net Sales	3.6%	3.6%	3.5%
Net Income per Share of Common Stock	\$ 2.53	\$ 2.36	\$ 2.13 $\frac{2}{3}$
Dividends Paid on Preferred Stock	\$ 255,376	\$ 270,265	\$ 274,338
Dividends Paid on Common Stock	\$ 4,404,727	\$ 3,715,573	\$ 3,715,573
Dividends Paid per Share of Common Stock	\$.86 $\frac{2}{3}$	\$.73 $\frac{1}{3}$	\$.73 $\frac{1}{3}$
Net Income Retained in Business	\$ 8,487,315	\$ 8,245,536	\$ 7,105,831
Net Income Retained per Share of Common Stock	\$ 1.66	\$ 1.62 $\frac{2}{3}$	\$ 1.40 $\frac{1}{3}$
Total Taxes Charged to Income	\$ 19,265,531	\$ 17,262,774	\$ 14,008,063
Total Taxes per Share of Common Stock	\$ 3.78	\$ 3.40 $\frac{2}{3}$	\$ 2.76 $\frac{1}{3}$
New Capital Obtained	\$ 6,309,403	\$ 12,810,000	\$ 16,534,648

CHAIRMAN'S REPORT

DURING our ninety-second year of operations, sales and profits once again achieved new records. In mid-year the Directors, acting on the basis of the sustained upward trend in our business, increased the dividend rate by 36 per cent. In February the shareholders voted to split the common stock three shares for one.

Sales were \$365,989,576 for the year, the largest in our history. This was an increase of \$25,765,876 over last year, or 7.6 per cent.

Net income after taxes also rose to a new high level of \$13,147,418—or 7.5 per cent above last year's \$12,231,374. After dividends on preferred stock, our income was equivalent to \$2.53 a share of common stock; and this was an increase of \$.17 over the \$2.36 of the year before.

For the 50th year in succession, dividends were paid on our common stock. The previous annual rate of \$.73 $\frac{1}{3}$ a share was increased to \$1.00. The total payment in this transition year was \$.86 $\frac{2}{3}$ a share. On the preferred shares, dividends continued to be paid at the annual rate of \$3.65 a share.

During the fiscal year, which had 53 weeks, each of our major operating companies here and abroad registered an increase in sales as well as an increase in profits. We expect that trend to continue.

The year's results are evidence of the vitality of our company. This vitality is well illustrated, I believe, by the successful initial operations of our new factory and company in Venezuela.

Over a period of years the Heinz export organization had developed an expanding market for our products in Venezuela. Encouraged by the increasing acceptance of Heinz products, we determined that Venezuela would be a desirable location for a new company. We organized Alimentos Heinz C.A., in which we invited successful Venezuelan businessmen to join us as investors. We prospected and located suitable growing areas; we ascertained that farmers were available who could grow the kinds of vegetables we needed; we picked a factory site near the village of San Joaquin, in Carabobo, that put us in and near growing areas and a supply of labor, and that made us readily accessible to the markets. In co-operation

with the University of Maracay, we established a small research center and experimental kitchen to develop recipes utilizing Venezuelan agricultural produce. We retained local architects to design our manufacturing facilities and local contractors to build the factory.

Construction, begun only in June, 1960, was completed last January; and now in Venezuela we are producing and marketing ketchup, tomato juice, mayonnaise, vegetable salad, and nine varieties of strained baby foods. Within the next year we expect to expand steadily the number of Heinz varieties that are marketed in Venezuela. Our sales prospects are favorable; we are off to a good start.

All this was achieved under the supervision of a management organization recruited from Heinz personnel in the United States, England and Canada. This management nucleus has been augmented by qualified Venezuelans, who form a staff that is rapidly gaining experience in Heinz know-how.

This initiative and adaptability is also evident in our agricultural operations in the United States, especially during the last five years. Heinz agricultural specialists, working in association with personnel from universities, the U. S. Department of Agriculture, and government research stations, have been providing growers with new and improved strains of tomato and other plants. In addition, we have been improving fertilizer technology and developing means of more effective crop protection for greater yield. Our tomato tonnage per acre has increased by 45 per cent in the last five years, and our pickle productivity per acre 64 per cent. Heinz agriculturists have also helped in the development of a simultaneously ripening tomato that can be harvested by machine, and we expect in the coming year to see a small portion of our tomatoes so harvested. Our operations in the United States once again, have benefited from the experience gained from our agricultural developments elsewhere in the Heinz world: in Canada, Italy, Portugal, Australia and Venezuela.

From the point of view of shareholders, these agricultural accomplishments are especially significant now, for most of the Heinz factory operations—preparation, filling, closing, packaging and inventory han-

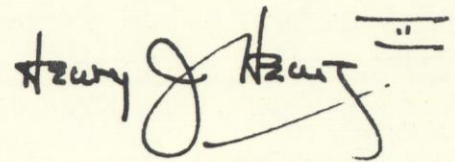
dling—have been successfully automated in high degree. We foresee great opportunity for higher yield and productivity in agriculture.

Our Company has been a supporter of the Nutrition Foundation since it was established in 1941. Now that it is twenty years old, I would like to reaffirm our confidence in its work. As a former president of the Foundation, I am impressed with the notable advances it has made in the young science of nutrition by giving carefully selected grants-in-aid to outstanding research workers at the university level.

The results of this past year are due to the combined efforts of Heinz men and women around the world, of which we are most appreciative. It is appropriate that I record a special note of gratitude about three Heinz executives who have made significant contributions to our Company. Mr. Morris S. Dixon, a vice president and director of the Canadian company, retired after a productive career with Heinz extending over 40 years. Mr. Arthur A. Morgan, Assistant Managing Director

of the British company, retired because of ill health after being with Heinz for 34 constructive years. W. Norman Owen, director of marketing and sales of the Australian company, retired after 34 fruitful years with Heinz, both in Great Britain and Australia.

We enter the new fiscal year with confidence. If we go back a decade and a half to the end of World War II, we will find projects in every segment of the business that were conceived, implemented and completed successfully. These investments and accomplishments of the past are generating a good and steady return. We are continuing to initiate new projects and improvements which we believe will be equally productive.

A handwritten signature in dark ink, reading "Henry J. Heinz". The signature is stylized with a large, looped "H" and a long, sweeping underline that extends to the right.

Chairman of the Board

H. J. HEINZ COMPANY

PITTSBURGH, PENNSYLVANIA

BOARD OF DIRECTORS

Henry J. Heinz II, *Chairman**

Junius F. Allen*	Frederick G. Crabb	John A. Mayer
Frank Armour Jr.*	R. Burt Gookin*†	Herbert N. Riley
Frank B. Cliffe†	B. Dent Graham*	Frank T. Sherk*
	Lewis A. Lapham	

*Members of the Executive Committee

OFFICERS

Henry J. Heinz II	<i>Chairman of the Board</i>
Frank Armour Jr.	<i>President</i>
B. Dent Graham	<i>Executive Vice President—United States</i>
Junius F. Allen	<i>Executive Vice President—International</i>
R. Burt Gookin†	<i>Vice President—Finance</i>
Carl A. Brinkman†	<i>Treasurer</i>
Ralph W. Hunter	<i>Secretary</i>

†Members of the Finance Committee

MANAGEMENT BOARDS

UNITED STATES

H. J. HEINZ COMPANY, PITTSBURGH, PENNSYLVANIA

B. Dent Graham	<i>Executive Vice President</i>	C. Lee Rumberger	<i>Vice President—Research and Quality Control</i>
Frank M. Brettholle	<i>Comptroller</i>	John D. Scott	<i>Vice President—Sales</i>
Carl A. Brinkman	<i>Treasurer</i>	P. Kenneth Shoemaker	<i>Vice President—Manufacturing</i>
Louis A. Collier	<i>General Manager—Marketing</i>		
Norman E. Daniels	<i>Vice President—Purchases</i>		
Charles Heinz	<i>Vice President—Personnel</i>		
Ross E. Jones	<i>Vice President—Distribution</i>		

AREA VICE PRESIDENTS—GROCERY SALES

Frank G. Barnum	<i>Western Area, Chicago</i>
Robert P. Taylor	<i>Eastern Area, Philadelphia</i>

AUSTRALIA

H. J. HEINZ COMPANY, PTY. LTD.
DANDENONG, VICTORIA

John A. W. Ross	<i>Managing Director</i>
Leonard S. Crowe	<i>Manufacturing</i>
Henry G. Dennett	<i>Finance</i>
Fred V. Kellow	<i>Marketing and Sales</i>
W. Wentworth Watt	<i>Comptroller</i>

CANADA

H. J. HEINZ COMPANY OF CANADA, LTD.
LEAMINGTON, ONTARIO

Frank T. Sherk	<i>President</i>
Edward V. Anderson	<i>Vice President—Services</i>
J. Ross Crerar	<i>Vice President—Manufacturing</i>
Leonard D. Crimp	<i>Vice President—Sales</i>
Paul E. Gervais	<i>Vice President—Marketing</i>
John M. Page	<i>Vice President—Finance, and Secretary</i>

THE NETHERLANDS

H. J. HEINZ N.V.
ELST, GELDERLAND, HOLLAND

Weldon L. DeWeese	<i>Director</i>
Jan J. M. Taminiau	<i>Director</i>

GREAT BRITAIN

H. J. HEINZ COMPANY, LTD.
LONDON, ENGLAND

Frederick G. Crabb	<i>Managing Director</i>
Joseph E. Hutchinson	<i>Deputy Managing Director</i>
Anthony Beresford	<i>Sales and Marketing</i>
John Eccles	<i>Purchasing</i>
A. Gordon Esslemont	<i>Secretary</i>
Bert A. Harris	<i>Engineering and Construction</i>

VENEZUELA

ALIMENTOS HEINZ C. A.
VALENCIA, CARABOBO, VENEZUELA

Gerald K. Warner	<i>President</i>
Ernesto Blohm	<i>Director</i>
Lewis V. Leggate	<i>Secretary-Treasurer</i>
Leslie C. Marshall	<i>Manufacturing</i>
Anthony Rojas	<i>Sales</i>

OPERATIONS REPORT

United States

For another year the sales of our Company in the United States have attained new high levels.

Competition remains at the same high degree of intensity: it is also becoming more complex. Improvements in the techniques of food processing are following one after another in rapid succession, many of them being actually improvements on improvements. Changes are occurring in distribution, with new types of large retail outlets coming on the scene, and large-scale direct-buying increasing. In addition, there are the subtle changes that occur almost from week to week in the internal operating techniques of supermarkets. And today the relative merits of all advertising media are being subjected to a serious re-evaluation by consumer-goods producers and distributors.

During the year our marketing division has been further reorganized and strengthened, and we have achieved a current positive marketing stance that we feel will be reflected in our sales. We have developed flexibility and resilience in marketing, which enable us to adapt quickly to new marketing opportunities.

Research in three key areas has been productive. One is research in cost control; a second is research in new products and processes; the third is research in the growing and harvesting of food crops.

In cost control, we consolidated all sales accounting functions into four Accounting Centers, in Pittsburgh, New York, Chicago, and Dallas, thus completing the elimination of some 60 branch accounting offices. During the year we installed and made operative an electronic computer, which is now producing all our sales statistical reports at a substantial saving. An inventory record system has been designed and partially programmed for the computer.

We are conducting exhaustive research in packaging, in addition to our research in nutrition, organoleptics and processing technology. Our Pilot Plant is engaged in the testing of new or improved techniques for utilizing nearly all the methods of preserving food stuffs known to man.

The Chairman's report has referred to our research in agriculture, which is so essential if American farmers are to fulfill their goal of producing 60 per cent more

fruits and vegetables by 1975—this being the estimated requirement to enable our diet standards and nutritional levels to keep pace with population growth.

During the year we continued our leadership in the new-varieties aspect of baby food by developing and introducing eight new varieties. These are Strained Baby Breakfast Ham and Egg Yolks, Strained Cottage Cheese with Bananas, Strained Vegetables with Dumplings, Strained Beef and Bacon, and Strained Pineapple Orange Dessert; also Junior Baby Breakfast Ham and Egg Yolks, Junior Cottage Cheese and Bananas, and Junior Pineapple Orange Dessert. Conversion to the screw-on cap, introduced in the industry by our Company, was completed during the year for the entire Heinz Strained and Junior Food lines.

Heinz Ketchup—which we never tire of repeating is the highest priced, yet the largest selling ketchup in the United States, and in fact in the world—again increased its share of the market as its sales reached a new high. This record demonstrates anew the acceptance by the consumer of our emphasis on flavor control and quality control.

“Operation 57”—a program of spectacular store-wide selling promotions by chains, large independents and distributors—contributed to our increasing volume. More than 25,000 supermarkets participated in these sales during the year.

We introduced a new decanter line of four vinegars (Wine, Malt, Tarragon, and Salad); Condensed Cheese Soup; Condensed Alphabet Soup; and Oyster Stew. The year also saw the re-introduction of the famous Heinz genuine dills, formerly sold only in wooden kegs in grocery stores, and now appearing in a 40 ounce jar shaped like “the old pickle barrel.” We have successfully overcome the technical difficulties of packaging this kind of pickle in glass, while still utilizing the old-fashioned method of curing in wood.

During the year Heinz acquired Reymer & Bros., a Pittsburgh company manufacturing fruit-based drinks under the trade name of “Blennd,” and marketing them in a few Eastern states. We are expanding the marketing of “Blennd.” Shortly after the close of the fiscal year, we completed negotiations for the purchase of Hachmeister, Inc., a Pittsburgh company manufactur-

ing ingredients for wholesale bakers. It will be an independent subsidiary operated as a separate division of the Company. These are the first results of our relatively new policy of considering diversification by acquisition as a positive means of profit improvement and profit growth.

At the close of the year the Company was not involved in any major litigation, nor was there any known outstanding liability or claim that would materially affect the Company's financial position.

Two new positions of vice president were created during the year, and were filled by long-service sales executives. Mr. Frank G. Barnum was made Vice President—Grocery Sales, Western Area, with headquarters in Chicago; and Mr. Robert P. Taylor was made Vice President—Grocery Sales, Eastern Area, with headquarters in Philadelphia.

Mr. Louis A. Collier, who had been manager of the Pittsburgh Chain Store Sales Region, was made General Manager of Marketing and a member of the U. S. Management Board.

Great Britain

During the year, sales of the British company continued to grow, reaching new high levels. To meet the rising demands of British consumers, we maintained a full production schedule at our three factories, where we have a total of more than 7,000 employees.

A realignment and modernization of our factory at Harlesden to permit increased and more efficient production is making good progress. Although Harlesden is still engaged in substantial production, the main burden of supplying our customers falls on our factories at Kitt Green and Standish. A major addition to the two-year-old Kitt Green factory is already under way. At an early date we will begin building the new Research and Administrative Buildings at Hayes Park.

During the year, the research and development team produced—and we put on the market—sixteen new varieties of baby foods, bringing the British total to 48, and five new soups, making 30 in all. We also reentered the market with Baked Beans and Pork, a pre-war favorite that has received an encouraging "Welcome back!" from the consumer.

In June, 1960, we introduced a new marketing, pricing and distribution program designed to accord with the fast changing distribution situation in England.

We have been in the forefront in our industry in adapting ourselves to the changed distribution pattern, in which chain, wholesaler and voluntary groups have assumed increased importance.

The over-all sales progress of all volume lines during the year indicates that our changes in distribution, price structure and marketing policies have been accepted by the trade and are now showing the expected benefits.

Largely as a result of abnormally heavy industry-wide promotional expenditures and pressures, the total British soup market grew. Heinz sales volume was the highest in our history, while share of the market remains greater than all other brands put together. Sales in baby foods, beans, spaghetti, tomato ketchup, and salad cream also continue to show vitality.

In April, the government increased corporate tax rates, and this will affect our business. The total of income taxes levied on the earnings of the British company is now slightly in excess of the 52 per cent rate in the United States.

To insure profitable development of our product lines, we have now appointed product general managers who will be responsible for the "commercial health" of the major segments of our business.

Near the end of the year, Mr. Anthony Beresford, who had been a Director of the British company in charge of manufacturing, was elected Director of Sales and Marketing.

Mr. Joseph E. Hutchinson, formerly Assistant Managing Director, and a veteran Heinz executive, became Deputy Managing Director of the British company.

Canada

Sales of the Canadian company reached an all-time high. Net income was slightly higher than in the preceding year.

Apart from our own company operations, the Canadian economy during 1960 did not measure up to expectations. Although gross national product for the year rose 2½ per cent, this gain was insufficient to give full employment to Canada's rising labor force and her growing productive capacity. Yet, during the year, despite the sagging economy, the Canadian company strengthened its market position.

After several years of research and development, the Canadian company introduced during the latter part of the fiscal year five "Country Good" soup mix vari-

eties: Chicken Noodle, Chicken Rice, Onion, Beef Noodle, and Cream of Potato. The introduction of this dehydrated soup mix line was supported by a strong advertising program and promotional household mailings in many of the larger cities. The early sales results have been gratifying. Market testing of frozen individual meat and poultry pies, casseroles and fruit pies continued in Southwestern Ontario.

During the year, long range expansion plans were crystallized and refined, providing a coordinated but flexible building program for the next twenty-five years.

Progressively, as time goes on, food retailing in Canada is being conducted by fewer but larger—and consequently more important—organizations. To serve our customers more efficiently, the Canadian Sales Division has been reorganized into two new sales areas, each with three regions.

Mr. J. Ross Crerar, formerly manager of engineering, has been appointed to succeed Mr. Morris S. Dixon as Vice President in charge of manufacturing and has been elected a director of the Canadian company.

Mr. Edward V. Anderson, a member of the Canadian board and formerly Vice President in charge of marketing, has been appointed Vice President in charge of the newly formed Services Division.

Mr. Paul E. Gervais, formerly area sales manager, became Vice President in charge of marketing and was elected a director of the Canadian company.

Australia

The Australian Company has again exceeded all previous levels of sales and net income.

The share of grocery distribution in Australia controlled by chain stores and voluntary groups continues to grow, with amalgamations of important chains concentrating buying power in fewer hands. Self-service retailing is now the dominant pattern. A comprehensive sales and marketing reorganization has been put into effect to insure that sales and promotional policies are best suited to the new trends.

Australian company baby food sales have again increased, and substantially. We have added to our baby food line eight varieties of high meat dinners and fif-

teen varieties of strained and junior foods. A complete range of baby cereals has been introduced.

The Australian line of condensed soups now totals fourteen varieties, following the introduction of Beef Broth with Vegetables, Chicken Vegetable Broth and Tomato Rice Soup. Baked bean and spaghetti sales continue to grow.

The tomato season completed in March was satisfactory; yields have been good and requirements have been met.

During recent months, there has been a general decline in economic activity because of direct action taken by the government to inhibit inflation. The economy of the country is basically sound and has rich promise of continued development.

Mr. Fred V. Kellow, formerly Manager of Marketing, was elected to the Australian board of directors, and became Director of Marketing and Sales.

The Netherlands

Our Dutch Company is now producing and selling thirty different varieties of Heinz products, ten of which have been introduced during the past year. Measurable progress has been made in widening distribution and improving our market position. The Dutch market is competitive but our products are steadily gaining in consumer recognition and acceptance. The sales force has been increased, productivity is improving, the entire organization is more experienced and more effective, and we believe that we can anticipate accelerated progress in the future.

Mr. Weldon L. DeWeese, manager of export sales of the United States Company, was appointed director of H. J. Heinz N.V.

Venezuela

The inception of the Venezuelan company and the initial results of its operations have been described in the Chairman's report. Prospects appear good in Venezuela for our making and marketing of "Los 57 Variedades."

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

HENRY W. OLIVER BUILDING

PITTSBURGH 22, PA.

ACCOUNTANTS' REPORT

*To the Stockholders
H. J. Heinz Company:*

We have examined the consolidated balance sheet of H. J. Heinz Company and subsidiaries as of May 3, 1961 and the related statements of income and surplus for the fiscal year (53 weeks) then ended. Our examination, which included the Company and its subsidiaries located in the Western Hemisphere, was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. As regards the subsidiaries located in the Eastern Hemisphere, which are of major importance and which we did not examine, we have been furnished with reports of other independent accountants and such accounts are incorporated in the accompanying consolidated financial statements, as indicated in Note 1.

In our opinion, based on our examination and on the reports of other independent accountants, the accompanying consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of H. J. Heinz Company and subsidiaries at May 3, 1961 and the results of their operations for the fiscal year (53 weeks) then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell + Co.

Pittsburgh, Pa.
June 16, 1961

H. J. HEINZ COMPANY

AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED INCOME

	Fiscal year ended	
	May 3, 1961 (53 Weeks)	April 27, 1960 (52 Weeks)
NET SALES.....	\$365,989,576	\$340,223,700
COST OF SALES.....	233,924,601	223,071,491
GROSS PROFIT.....	132,064,975	117,152,209
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (including management profit sharing plan, \$2,292,029 in 1961; \$2,103,398 in 1960).....	101,136,825	89,159,165
OPERATING PROFIT (after provision for depreciation of \$6,275,722 in 1961; \$5,810,097 in 1960).....	30,928,150	27,993,044
OTHER INCOME, NET.....	879,111	895,156
	31,807,261	28,888,200
OTHER DEDUCTIONS—interest and amortization of debt discount and expense.....	3,182,353	2,683,362
	28,624,908	26,204,838
PROVISION FOR TAXES ON INCOME:		
Federal normal and surtax.....	5,830,140	5,171,285
Foreign income taxes.....	8,853,385	8,038,255
	14,683,525	13,209,540
	13,941,383	12,995,298
DEDUCT Income applicable to minority interests.....	793,965	763,924
NET INCOME for the year.....	\$ 13,147,418	\$ 12,231,374

(See accompanying notes to financial statements.)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	<u>May 3, 1961</u>	<u>April 27, 1960</u>
CURRENT ASSETS:		
Cash and short-term notes.....	\$ 13,367,292	\$ 17,774,756
Accounts receivable:		
Trade, less allowance for doubtful accounts.....	21,178,648	18,316,632
Sundry.....	943,952	1,204,798
Inventories—at average cost or replacement market, whichever lower:		
Finished goods.....	74,243,641	70,010,810
Work in process.....	5,566,318	6,409,426
Ingredients and packaging materials.....	39,628,705	32,660,802
	<u>119,438,664</u>	<u>109,081,038</u>
Prepaid insurance, supplies, taxes and sundry.....	3,966,143	3,852,408
Total current assets.....	<u>158,894,699</u>	<u>150,229,632</u>
 OTHER ASSETS—miscellaneous.....	 <u>1,602,422</u>	 <u>790,436</u>
 FIXED ASSETS:		
Land—at cost.....	4,172,019	3,802,670
Buildings and leasehold improvements—at cost, less accumulated depreciation of \$15,891,371 in 1961; \$14,948,785 in 1960.....	51,602,963	51,006,217
Equipment and fixtures—at cost, less accumulated depreciation of \$40,153,780 in 1961; \$36,393,479 in 1960.....	54,603,167	50,124,925
Lug boxes, baskets and pallets—at cost, less amortization.....	1,349,157	1,203,760
	<u>\$111,727,306</u>	<u>\$106,137,572</u>
	 <u><u>\$272,224,427</u></u>	 <u><u>\$257,157,640</u></u>

(See accompanying notes to financial statements.)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES, CAPITAL STOCK AND SURPLUS

	May 3, 1961	April 27, 1960
CURRENT LIABILITIES:		
Notes payable and loans on open credit (including portion of long-term debt due within one year).....	\$ 6,134,906	\$ 10,393,072
Accounts payable and accrued expenses.....	27,146,359	24,501,109
Estimated liability for Federal and foreign taxes on income.....	11,606,650	9,807,527
Total current liabilities.....	<u>44,887,915</u>	<u>44,701,708</u>
LONG-TERM DEBT AND OTHER LIABILITIES:		
Long-term notes (Note 2).....	51,251,787	47,391,661
Liabilities under management profit sharing plan, less portion payable within one year.....	9,980,706	8,894,281
Other non-current liabilities.....	6,601,995	6,055,785
	<u>67,834,488</u>	<u>62,341,727</u>
MINORITY INTERESTS.....	<u>12,374,106</u>	<u>12,049,337</u>
CAPITAL STOCK AND SURPLUS:		
Cumulative preferred stock—authorized 167,535 shares—par value \$100 per share—issuable in series:		
3.65% series—authorized, issued and outstanding 67,535 shares in 1961; 72,615 shares in 1960 (Note 3).....	6,753,500	7,261,500
Common stock—authorized 6,600,000 shares—par value \$8.33 $\frac{1}{3}$ per share—issued and outstanding 5,098,580 shares in 1961; authorized 2,000,000 shares—par value \$25.00 per share—issued and outstanding 1,688,897 shares in 1960 (Note 4).....	42,488,167	42,222,425
Capital surplus.....	7,288,041	6,470,048
Earned surplus:		
Reserved for future inventory price decline, possible loss in foreign assets and other contingencies.....	5,000,000	5,000,000
Unappropriated (Notes 1 and 2).....	85,598,210	77,110,895
	<u>147,127,918</u>	<u>138,064,868</u>
	<u>\$272,224,427</u>	<u>\$ 257,157,640</u>

(See accompanying notes to financial statements.)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED SURPLUS

CAPITAL SURPLUS	Fiscal year ended	
	May 3, 1961	April 27, 1960
AMOUNT AT BEGINNING OF YEAR.....	\$ 6,470,048	\$ 6,420,962
ADD:		
EXCESS OF PAR VALUE over cost of preferred stock retired.....	79,332	49,086
EXCESS OF OPTION PRICE over par value of 7,750 shares of common stock issued under employees' incentive stock option plan.....	147,095	—
EXCESS OF MARKET VALUE over par value of 24,139 shares of common stock issued to acquire a business.....	591,566	—
AMOUNT AT END OF YEAR.....	<u>7,288,041</u>	<u>6,470,048</u>
UNAPPROPRIATED EARNED SURPLUS		
AMOUNT AT BEGINNING OF YEAR.....	77,110,895	68,865,359
ADD NET INCOME FOR THE YEAR.....	<u>13,147,418</u>	<u>12,231,374</u>
	<u>90,258,313</u>	<u>81,096,733</u>
DEDUCT DIVIDENDS PAID:		
On preferred stock—3.65% series.....	255,376	270,265
On common stock—86⅔¢ per share; 73⅓¢ per share in 1960 (based on shares outstanding after stock-split).....	<u>4,404,727</u>	<u>3,715,573</u>
	<u>4,660,103</u>	<u>3,985,838</u>
AMOUNT AT END OF YEAR.....	<u>\$ 85,598,210</u>	<u>\$ 77,110,895</u>

(See accompanying notes to financial statements.)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(1) Principles of consolidation:

The consolidated financial statements include the Company and all subsidiary companies. Consolidated net assets were located as follows:

	May 3, 1961	April 27, 1960
Western Hemisphere:		
United States.....	\$ 74,446,477	\$ 72,404,145
Other.....	22,094,074	19,635,483
	<u>96,540,551</u>	<u>92,039,628</u>
Eastern Hemisphere:		
British Commonwealth.....	49,580,442	45,068,166
Other.....	1,006,925	957,074
	<u>50,587,367</u>	<u>46,025,240</u>
	<u>\$147,127,918</u>	<u>\$138,064,868</u>

All assets, except fixed assets, and all liabilities of the foreign subsidiaries have been converted at rates of exchange prevailing at the end of the fiscal year; fixed assets have been stated at their approximate United States dollar equivalent at the time of acquisition. The realization in U. S. dollars of assets located outside the United States is limited in certain instances by currency and other restrictions.

Of the net income for the year, \$8,146,668 originated from foreign subsidiaries consolidated.

Operating accounts (other than depreciation which was based upon the approximate equivalent dollar cost of fixed assets) were converted at average rates of exchange prevailing during the fiscal year. The income of the Company from dividends from foreign subsidiaries during the year amounted to \$3,951,561.

(2) Long-term notes:

Details of long-term notes at May 3, 1961 are as follows:

Company:	Interest per cent	Maturity (fiscal year)	Portion due	
			Non-current	Current
Promissory notes.....	2.90	1962-69	\$ 8,790,000	\$ 960,000
Promissory notes.....	4 3/4	1965-84	20,000,000	—
Subsidiaries:				
Promissory notes				
(Australia).....	4 3/4	1962-76	8,022,619	177,691
Promissory notes				
(Venezuela).....	9	1967-72	2,505,000	—
Debentures				
(British Isles).....	6	1965-84	5,640,000	—
Debentures				
(British Isles).....	5 1/2	1966-85	5,610,000	—
Installment note				
(Holland).....	2	1962-68	684,168	132,160
			<u>\$51,251,787</u>	<u>\$ 1,269,851</u>

Under note agreements, dated April 1, 1959, providing for the issue of \$20,000,000 of 4 3/4% 25-year notes due April 1, 1984 fixed annual prepayments of principal of \$1,000,000 are required to be made commencing April 1, 1965. Additional prepayments may be made at the option of the Company at specified premium rates or, under specified conditions, at no premium. In addition to restrictions relating to additional indebtedness, mortgages and liens, purchase and redemption of capital stock and other restrictions, the note agreements contain provisions against the payment of dividends by the Company upon its common stock (otherwise than in its own capital stock) if such dividends, together with purchases, payments to the sinking fund and dividends in respect of presently authorized cumulative preferred stock and amounts expended by the Company or any subsidiary for purchase or other acqui-

sitions of any class of the Company's stock, since October 29, 1958 would exceed consolidated net income after October 29, 1958 plus the sum of \$7,500,000 and, further, if the sum of consolidated funded debt and consolidated discounted lease rentals would exceed fifty per cent of consolidated capital and surplus after giving effect to such dividend payments. The portion of consolidated earned surplus at May 3, 1961 which was not thereby restricted was \$25,960,382.

The 2.90% notes, dated February 24, 1949, also contain various restrictions which are more than covered by the provisions of the 4 3/4% 25-year notes.

The 6% debentures, issued by the subsidiary located in the British Isles, contain provisions requiring annual sinking fund payments, commencing January 31, 1965, approximating \$76,700 plus interest for one year. Prepayment of the entire indebtedness, or a portion thereof, may be made on January 31, 1975 with a 3 1/2% premium and at decreasing premium rates thereafter.

The 5 1/2% debentures, issued by the subsidiary located in the British Isles, contain provisions requiring annual sinking fund payments, commencing January 31, 1966, approximating \$80,600 plus interest for one year. Prepayment of the entire indebtedness, or a portion thereof, may be made on January 31, 1976 with a 3 1/2% premium and at decreasing premium rates thereafter.

(3) Cumulative preferred stock:

The 3.65% series cumulative preferred stock is, until October 1, 1963, callable at \$103.75 per share or redeemable through the sinking fund at a maximum of \$103.25 per share and at decreasing prices thereafter. A payment, not exceeding \$200,000, is required to be made to the sinking fund on or before October 1 of each year.

(4) Common stock:

On February 2, 1961, amendments were made to the articles of incorporation changing the authorized common stock of the Company from 2,000,000 shares of the par value of \$25 per share to 6,600,000 shares of the par value of \$8.33 1/3 per share. A three-for-one split was effected by changing each of the issued and outstanding shares of \$25 each into three shares of the par value of \$8.33 1/3 each.

At May 3, 1961, 101,750 shares of common stock were subject to outstanding options under the employees' incentive stock option plan adopted by the stockholders in September, 1960, and 145,500 additional shares were reserved for purposes of the plan and not subject to options. The options are exercisable during a period of ten years from dates granted at prices not less than 95% of fair market value at dates granted. During the fiscal year options were exercised for 7,750 shares at the price of \$27.31 1/3 per share. The option prices under outstanding options at May 3, 1961 were 95,750 shares at \$27.31 1/3 per share and 6,000 shares at \$26.60 per share.

(5) Retirement systems:

The amount charged to income by the Company and its consolidated subsidiaries for the year aggregated \$2,937,192 with respect to past service and current service costs. Unfunded past service costs at May 3, 1961 amounted to approximately \$3,108,000.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF INCOME STATEMENTS

	FISCAL YEARS ENDED		
	May 3, 1961	April 27, 1960	April 29, 1959
Net sales.....	\$365,989,576	\$340,223,700	\$316,856,669
Cost of sales.....	<u>233,924,601</u>	<u>223,071,491</u>	<u>209,296,050</u>
Gross profit.....	132,064,975	117,152,209	107,560,619
Selling, general and administrative expenses (including management profit sharing plan).....	<u>101,136,825</u>	<u>89,159,165</u>	<u>83,632,375</u>
	30,928,150	27,993,044	23,928,244
Other income—including foreign exchange adjustments.....	<u>879,111</u>	<u>895,156</u>	<u>422,606</u>
	31,807,261	28,888,200	24,350,850
Other deductions—including interest expense.....	<u>3,182,353</u>	<u>2,683,362</u>	<u>2,298,443</u>
	28,624,908	26,204,838	22,052,407
Provision for taxes on income.....	<u>14,683,525</u>	<u>13,209,540</u>	<u>10,139,971</u>
	13,941,383	12,995,298	11,912,436
Deduct Income applicable to minority interests.....	<u>793,965</u>	<u>763,924</u>	<u>816,694</u>
Net income for the year.....	<u>\$ 13,147,418</u>	<u>\$ 12,231,374</u>	<u>\$ 11,095,742</u>
Balance of net income per share of common stock—after preferred dividends (A).....	\$2.53	\$2.36	\$2.13 $\frac{2}{3}$
Cash dividends per share of common stock (A).....	.86 $\frac{2}{3}$.73 $\frac{1}{3}$.73 $\frac{1}{3}$

(A) Per share figures have been adjusted to give effect to the 3 for 1 stock split in February, 1961.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF INCOME STATEMENTS

FISCAL YEARS ENDED						
<u>April 30, 1958</u>	<u>May 1, 1957</u>	<u>May 2, 1956</u>	<u>April 27, 1955</u>	<u>April 28, 1954</u>	<u>April 29, 1953</u>	<u>April 30, 1952</u>
\$293,811,817	\$278,852,384	\$262,425,046	\$234,179,207	\$220,632,934	\$219,573,998	\$205,991,208
197,989,165	181,927,571	170,487,408	151,890,465	149,499,095	147,268,476	139,916,553
95,822,652	96,924,813	91,937,638	82,288,742	71,133,839	72,305,522	66,074,655
75,757,981	74,793,849	70,121,011	62,740,130	57,374,877	58,167,806	55,004,941
20,064,671	22,130,964	21,816,627	19,548,612	13,758,962	14,137,716	11,069,714
510,279	829,071	1,266,859	475,452	124,452	310,310	859,195
20,574,950	22,960,035	23,083,486	20,024,064	13,883,414	14,448,026	11,928,909
2,113,533	1,256,512	916,607	1,490,028	1,328,699	1,234,948	931,177
18,461,417	21,703,523	22,166,879	18,534,036	12,554,715	13,213,078	10,997,732
8,345,756	10,356,591	10,907,900	9,147,265	6,657,155	7,374,583	5,010,950
10,115,661	11,346,932	11,258,979	9,386,771	5,897,560	5,838,495	5,986,782
778,748	720,680	675,035	604,447	311,884	291,983	174,423
<u>\$ 9,336,913</u>	<u>\$ 10,626,252</u>	<u>\$ 10,583,944</u>	<u>\$ 8,782,324</u>	<u>\$ 5,585,676</u>	<u>\$ 5,546,512</u>	<u>\$ 5,812,359</u>
\$1.78⅔	\$2.04	\$2.03	\$1.67⅓	\$1.04	\$1.03	\$1.08⅓
.73⅓	.66⅔	.60	.60	.60	.60	.60

HEINZ INTERNATIONAL LOCATIONS

UNITED STATES

EXECUTIVE OFFICES: *Pittsburgh, Pennsylvania*

AREA SALES HEADQUARTERS: *Chicago, Ill.; Philadelphia, Pa.*

SALES OFFICES

Albany, N.Y.	*Detroit, Mich.	Louisville, Ky.	Portland, Ore.
Atlanta, Ga.	Fort Wayne, Ind.	Memphis, Tenn.	Rock Island, Ill.
Baltimore, Md.	Grand Rapids, Mich.	Miami, Fla.	Salt Lake City, Utah
Birmingham, Ala.	Greensboro, N.C.	Milwaukee, Wis.	San Antonio, Texas
*Boston, Mass.	Hartford, Conn.	Newark, N.J.	Scranton, Pa.
Buffalo, N.Y.	Houston, Texas	New Orleans, La.	Seattle, Wash.
*Chicago, Ill.	Huntington, W.Va.	*New York, N.Y.	Spokane, Wash.
Cincinnati, Ohio	Indianapolis, Ind.	*Oakland, Calif.	*St. Louis, Mo.
Cleveland, Ohio	*Jacksonville, Fla.	Oklahoma City, Okla.	*St. Paul, Minn.
Columbus, Ohio	Johnstown, Pa.	Omaha, Neb.	Syracuse, N.Y.
*Dallas, Texas	Kansas City, Mo.	*Philadelphia, Pa.	Youngstown, Ohio
Denver, Colo.	Knoxville, Tenn.	*Pittsburgh, Pa.	
Des Moines, Iowa	*Los Angeles, Calif.	Portland, Me.	*Regional Sales Headquarters

FACTORIES

Bowling Green, Ohio	Holland, Mich.	Pittsburgh, Pa.	Watsonville, Calif.
Chambersburg, Pa.	Medina, N.Y.	Salem, N.J.	Winchester, Va.
Fremont, Ohio	Muscatine, Iowa	Tracy, Calif.	

AGRICULTURAL DISTRICT HEADQUARTERS

Big Rapids, Mich.	Greeley, Colo.	Isleton, Calif.	Saginaw, Mich.
	Holland, Mich.	Plymouth, Ind.	

CANADA

H. J. HEINZ COMPANY OF CANADA, LTD.

HEAD OFFICE: *Leamington, Ontario*

AREA SALES HEADQUARTERS: *Montreal, Que.; Toronto, Ont.*

REGIONAL SALES OFFICES

Halifax, N.S. Montreal, Que. Toronto, Ont. Vancouver, B.C. Winnipeg, Man.

FACTORY: *Leamington, Ontario*

AGRICULTURAL STATION: *Teeswater, Ontario*

GREAT BRITAIN

H. J. HEINZ COMPANY, LTD.

HEAD OFFICE: *London*

SALES BRANCHES

Belfast	Cardiff	*Edinburgh	Ipswich	*London	Nottingham	Rochester
Birmingham	Chester	Glasgow	Leeds	*Manchester	Plymouth	Sheffield
Bradford	Dundee	Hull	Liverpool	Newcastle	Preston	Southampton
Bristol						

**Regional Sales Headquarters*

FACTORIES: *London; Standish; Kitt Green*

AUSTRALIA

H. J. HEINZ COMPANY, PTY. LTD.

HEAD OFFICE: *Dandenong, Victoria*

SALES BRANCHES

Adelaide, South Australia Brisbane, Queensland Dandenong, Victoria Perth, Western Australia
Sydney, New South Wales

FACTORY: *Dandenong, Victoria*

THE NETHERLANDS

H. J. HEINZ N.V.

HEAD OFFICE AND FACTORY—*Elst, Gelderland, Holland*

BELGIUM

H. J. HEINZ COMPANY (BELGIUM) S.A./N.V.

Brussels, Belgium

VENEZUELA

ALIMENTOS HEINZ C.A.

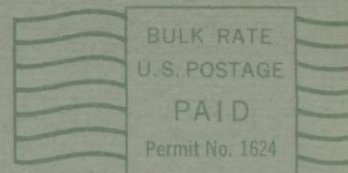
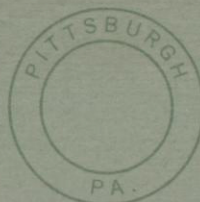
Valencia, Carabobo, Venezuela

“57 VARIETIES”

Heinz Pork & Beans in Tomato Sauce	Heinz Spaghetti, Tomato Sauce and Cheese
Heinz Boston Style Beans with Pork and Molasses Sauce	Heinz Macaroni with Cheese Sauce
Heinz Vegetarian Beans in Tomato Sauce	Heinz Ready-to-Serve Soups
Heinz “Campside” Beans	Heinz Pickles—Sweet and Sour
Heinz Chili Con Carne with Beans	Heinz Genuine Dill Pickles
Heinz Condensed Split Pea Soup	Heinz Processed Dill Pickles
Heinz Condensed Cream of Pea Soup	Heinz Kosher Dill Pickles
Heinz Condensed Cream of Mushroom Soup	Heinz Fresh Cucumber Pickles
Heinz Condensed Tomato Soup	Heinz India Relish
Heinz Condensed Cream of Celery Soup	Heinz Hot Dog Relish
Heinz Condensed Beef Noodle Soup	Heinz Hamburger Relish
Heinz Condensed Bean Soup	Heinz Pickled Onions—Sweet and Sour
Heinz Condensed Gumbo Creole Soup	Heinz Instant Cereals for Babies
Heinz Condensed Chicken Gumbo Soup	Heinz Baby Fruit Juices
Heinz Condensed Chicken Soup with Rice	Heinz Strained Egg Yolks
Heinz Condensed Chicken Noodle Soup	Heinz Strained Baby Foods
Heinz Condensed Chicken Vegetable Soup	Heinz Strained Meats
Heinz Condensed Cream of Chicken Soup	Heinz Strained High Meat Dinners
Heinz Condensed Cheese Soup	Heinz Junior Baby Foods
Heinz Condensed Chili Soup	Heinz Junior Meats
Heinz Condensed Clam Chowder Soup	Heinz Junior High Meat Dinners
Heinz Condensed Minestrone Soup	Heinz Prepared Mustard
Heinz Condensed Beef Soup	Heinz Tomato Juice—Regular and Concentrated
Heinz Condensed Vegetable Beef Soup	Heinz Tomato Ketchup
Heinz Condensed Vegetable Soup	Heinz Hot Ketchup
Heinz Condensed Vegetarian Vegetable Soup	Heinz Chili Sauce
Heinz Condensed Turkey Noodle Soup	Heinz Sauces—Savory, Barbecue, Worcestershire, “57,” Mustard
Heinz Minute Meals—Chicken Noodle Dinner, Macaroni Creole, Spanish Rice, Beef Stew, Chicken Stew with Dumplings, Beans and Franks, Spaghetti with Meat Sauce, Noodles with Beef, Spaghetti and Hot Dogs	Heinz Dehydrated Horse Radish
	Heinz Vinegars—Cider, White, Malt, Tarragon, Salad, Wine

H.J. HEINZ COMPANY

P. O. Box 57, Pittsburgh 30, Pennsylvania



Cleveland Public Library
Serials Department
325 Superior Avenue, N.E.
Cleveland 14, Ohio

Form 3547 Requested

Around the World it's Heinz

